



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LAWRENCE COUNTY SHERIFF**

**Calendar Year 1998**

**EDWARD B. HATCHETT, JR.  
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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable David Compton, Lawrence County Judge/Executive

Honorable Bobby Workman, Lawrence County Sheriff

Members of the Lawrence County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Lawrence County Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 1998, in conformity with the basis of accounting described above.

Based on the results of our audit, we have presented a comment and recommendation, included herein, which discusses the following area of noncompliance:

- The Sheriff Should Invest Moneys In Interest-Bearing Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable David Compton, Lawrence County Judge/Executive  
Honorable Bobby Workman, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated October 25, 1999, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
October 25, 1999

LAWRENCE COUNTY  
BOBBY WORKMAN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

Receipts

Federal Receipts:

Community Oriented Policing Services Grant	\$	20,592
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State Fees For Services:

Finance and Administration Cabinet	\$	4,795
Marijuana Eradication Overtime		1,363
Marina Patrol		3,765
		9,923

Circuit Court Clerk:

Sheriff Security Service and Arrest Fees		14,964
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County Clerk-Delinquent Taxes		6,954
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Commission On Taxes Collected		104,780
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Fees Collected For Services:

Auto Inspections	\$	11,150
Accident and Police Reports		151
Serving Papers		4,645
		15,946

Miscellaneous Receipts:

Carrying Concealed Deadly Weapon Permits	\$	2,639
KLEFPF		5,195
Election Commissions		50
Dog Tags		102
Seized Money		2,500
Sheriff's Fees		636
Miscellaneous		69
		11,191

Interest Earned		1,104
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Borrowed Money:

State Advancement		60,000
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Gross Receipts (Carried Forward)	\$	245,454
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LAWRENCE COUNTY  
BOBBY WORKMAN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 1998  
(Continued)

Gross Receipts (Brought Forward) \$ 245,454

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Gross Salaries	\$ 100,841	
Marijuana Eradication Overtime	679	\$ 101,520

Contracted Services-

Advertising	\$ 455	
Professional Service	1,175	
Auto Inspections	3,300	
Concealed Deadly Weapon Instructor	400	5,330

Materials and Supplies-

Office Materials and Supplies	\$ 5,654	
Uniforms	4,436	10,090

Auto Expense-

Gasoline	\$ 6,370	
Maintenance and Repairs	6,805	13,175

Other Charges-

Transportation Expense	\$ 175	
Training Expense	1,094	
Dog Tags	60	
Postage	260	
Bank Charges	256	
Carrying Concealed Deadly Weapon Permits	1,000	
Computer Service	2,375	
K-9 Expense	341	
Miscellaneous	586	6,147

Debt Service:

State Advancement		60,000
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Total Disbursements		196,262
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Net Receipts (Carried Forward)	\$	49,192
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LAWRENCE COUNTY  
BOBBY WORKMAN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 1998  
(Continued)

Net Receipts (Brought Forward)	\$ 49,192
Less: Statutory Maximum	<u>48,726</u>
Excess Fees Due County For Calendar Year 1998	\$ 466
Payment to County Treasurer - November 8, 1999	<u>466</u>
Balance Due at Completion of Audit	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

LAWRENCE COUNTY  
NOTES TO FINANCIAL STATEMENT

Calendar Year 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Benefits fully vested on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

LAWRENCE COUNTY  
NOTES TO FINANCIAL STATEMENT  
Calendar Year 1998  
(Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff's office maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The Sheriff met the requirements stated above, and as of December 31, 1998, deposits were fully collateralized at a 100% level with collateral held by the county official's agent in the county official's name.

Note 4. Special Account Fund

During calendar year 1998, the Sheriff maintained a special account which contained funds received for seizing money or property as a law enforcement agency pursuant to KRS 218A.415. The beginning balance from calendar year 1997 was \$3,310. Funds totaling \$5,427 were received and funds totaling \$6,629 were disbursed in calendar year 1998. The unexpended fund balance was \$2,108 as of December 31, 1998.

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COMMENT AND RECOMMENDATION



LAWRENCE COUNTY  
BOBBY WORKMAN, SHERIFF  
COMMENT AND RECOMMENDATION

Calendar Year 1998

STATE LAWS AND REGULATIONS:

The Sheriff Should Invest Moneys In Interest-Bearing Accounts

The Sheriff deposited funds into a noninterest-bearing account. KRS 66.480 states, “. . . the county officials . . . at the direction of the fiscal court shall invest and reinvest money subject to their control and jurisdiction.” We recommend the fiscal court direct the Sheriff’s office to deposit moneys in interest-bearing accounts.

*Management’s Response:*

*Due to the low balance in the Fee Account, the account would not earn enough interest to exceed bank service charges. We will check to verify this is correct.*

PRIOR YEAR:

The Sheriff Should Invest Money’s In Interest-Bearing Accounts.

This finding has not been corrected and is repeated in the current year findings.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable David Compton, Lawrence County Judge/Executive  
Honorable Bobby Workman, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Lawrence County Sheriff as of December 31, 1998, and have issued our report thereon dated October 25, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Lawrence County Sheriff's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying comment and recommendation.

- The Sheriff Should Invest Moneys In Interest-Bearing Accounts

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lawrence County Sheriff internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable David Compton, Lawrence County Judge/Executive  
Honorable Bobby Workman, Lawrence County Sheriff  
Members of the Lawrence County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
October 25, 1999

